

Message Text

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ORIGIN OPIC-06

INFO OCT-01 ARA-06 ISO-00 EB-07 TRSE-00 AID-05 FRB-03

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FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES PRIORITY

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E.O. 11652: N/A

TAGS: EFIN

SUBJECT: BAN ON REPATRIATION

1. IN ADDITION TO GENERAL INFORMATION PREVIOUSLY REQUESTED, EMBASSY'S ELABORATION OF WALL STREET JOURNAL ARTICLE OF SEPTEMBER 20 ALSO NEEDED BY OPIC. OF PARTICULAR CONCERN ARE (1) ANTICIPATED DATE OF EFFECTIVENESS, (2) WHAT FUNDS ARE COVERED, E.G., DIVIDENDS, DEBT SERVICE, ROYALTIES, ETC., (3) WHETHER THIS 6 MONTH PROHIBITION IS LIKELY TO BE EXTENDED, (4) METHOD TO BE USED TO DETERMINE ORDER OF AUTHORIZED CONVERSION AFTER PERIOD OF PROHIBITION TERMINATES, E.G., CHRONOLOGICAL FROM DATE OF APPLICATION, LARGE AMOUNTS FIRST OR LAST OR SPREAD OUT, ETC., (5) WHETHER EXCHANGE RATE WILL BE FROM DATE OF APPLICATION OR AUTHORIZATION AND (6) ANY EXCEPTIONS TO POLICY. A COPY OF THE FOREIGN INVESTMENT LAW AND DECREE,

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NEEDED.

3. THE U.S. GUARANTORS OF THE DEBT OWED BY PASA TO METROPOLITAN LIFE INSURANCE COMPANY ON PASA'S CLASS C DEBENTURES HAVE INFORMED OPIC THAT THE FIRST PAYMENT OF PRINCIPAL ON THOSE DEBENTURES COMES DUE ON OCTOBER 15, 1976 IN THE AMOUNT OF 2,000,000 DOLLARS PLUS 500,000 DOLLARS IN INTEREST. METROPOLITAN CARRIES OPIC INCONVERTIBILITY INSURANCE FOR THIS INVESTMENT. OPIC WOULD APPRECIATE ANY INFORMATION OR VIEWS THE EMBASSY HAS CONCERNING THE LIKELIHOOD THAT PASA WILL RECEIVE AUTHORIZATION TO TRANSFER THE 2,500,000 DOLLARS REQUIRED TO MAKE OCTOBER 15, 1976 PAYMENT.

4. OPIC HAS BEEN TOLD THAT THE RATE AT WHICH PASA EXPECTS TO BE PERMITTED TO CONVERT PESOS FOR SERVICING THIS DEBT IS A RATE COMPOSED OF 75 PERCENT OF THE FREE MARKET RATE AND 25 PERCENT OF THE OFFICIAL RATE. AT WHAT RATE DOES THE EMBASSY CONVERT DOLLARS TO PESOS FOR EMBASSY EXPENSES?

5. SHOULD CLAIM PAYMENT BE MADE TO U.S. INSUREDS, OPIC WILL OBTAIN ARGENTINIAN PESOS WHICH OPIC WILL THEN SELL TO U.S. DEPT. OF TREASURY AT EXCHANGE RATE USED BY EMBASSY TO BUY PESOS, WITH OPIC'S ACCOUNT BEING CREDITED WITH DOLLARS WHEN THESE PESOS ARE EXPENDED FOR ADMINISTRATIVE EXPENSES OF USG IN ARGENTINA. IN ANTICIPATION OF POTENTIAL INCONVERTIBILITY CLAIMS, OPIC WOULD APPRECIATE EMBASSY'S ESTIMATE OF AMOUNT OF PESOS USED MONTHLY FOR USG ADMINISTRATIVE EXPENDITURES. DECONTROL 9/23/78. KISSINGER

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